

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 SWF-01

FEA-01 /084 W

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P 090712Z DEC 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 5570

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STATE FOR MORLEY (NEA/INS)

E.O. 11652: N/A DECLASSIFY UPON RECEIPT

TAGS: ETRD

SUBJ: MOTION PICTURES EXPORT ASSOCIATION (MPEAA)

1. PLEASE FORWARD THE FOLLOWING MESSAGE TO:

MOTION PICTURE EXPORT ASSOCIATION OF AMERICA, 522 FIFTH AVE,  
NEW YORK, NY 10036.

2. CAPT. DENNIS PEREIRA RECEIVED THE FOLLOWING LETTER DATED  
6 DEC 74 FROM S.M. MURSHED, DIRECTOR (FILMS) OF THE GOI MINISTRY  
OF INFORMATION BROADCASTING:

3. (BEGIN TEXT) DEAR MR. PEREIRA: I AM WRITING THIS WITH  
REFERENCE TO THE VARIOUS DISCUSSIONS THAT WE HAVE HAD WITH YOU  
AND WITH REPRESENTATIVES OF THE MOTION PICTURE EXPORT ASSOCIATION  
OF AMERICA REGARDING THE IMPORT OF FILMS INTO INDIA BY MPEAA  
COMPANIES. I AM GLAD TO SAY THAT THE PROPOSALS WHICH EMERGED OUT  
OF OUR DISCUSSIONS HAVE NOW BEEN APPROVED BY GOVERNMENT. THE  
DETAILED ARRANGEMENTS FOR THE IMPORT OF FILMS ARE BEING WORKED OUT  
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SEPARATELY AND WILL BE SET OUT IN A DOCUMENT WHICH IS BEING

DRAWN UP. MEANWHILE, I WISH TO INDICATE TO YOU IN ADVANCE WHAT THE BASIC FEATURES OF THIS AGREEMENT WILL BE. THESE WILL BE AS FOLLOWS:

1) THE ARRANGEMENT WILL BE OPERATIVE FOR A PERIOD OF FOUR YEARS DURING WHICH MPEAA COMPANY WILL BE ALLOWED TO IMPORT BETWEEN 100 TO 150 FILMS PER YEAR.

2) THE FILMS WILL BE SELECTED BY US ON A GLOBAL BASIS. IN MAKING THIS SELECTION WE SHALL CONSULT YOU AS AND WHEN NECESSARY.

3) THE LOCAL EARNINGS FROM THE FILMS WILL BE DISPOSED OF IN THE FOLLOWING MANNER: (A) LOCAL OPERATING EXPENSES - 45 PERCENT; (B) AIR INDIA TRAVEL, HOTEL AND OTHER INCIDENTAL EXPENSES, PURCHASE OF INDIAN FILMS AND COST OF PRODUCTION AND CO-PRODUCTION OF FILMS IN INDIA - 20 PERCENT; (C) INTEREST FREE LOANS TO GOVERNMENT-SPONSORED INSTITUTIONS TO BE USED FOR SUCH PURPOSES AND IN SUCH A MANNER AS MAY BE DECIDED BY THE GOVERNMENT OF INDIA - 20 PERCENT. THERE WILL BE A MORATORIUM ON REPAYMENT OF THESE LOANS FOR FIVE YEARS AND REPATRIABLE REPAYMENTS WILL BE MADE OVER THE NEXT TEN YEARS, THEREAFTER; AND (D) REPATRIATION BY THE MPEAA - 15 PERCENT OR RS. 25 LAKHS PER ANNUM, WHICHEVER IS LESS.

4. UNDER THE ARRANGEMENTS THAT WERE PREVIOUSLY IN FORCE THE MPEAA ACCUMULATED CERTAIN FUNDS WHICH ARE NOW BLOCKED IN INDIA. THERE SHOULD BE NO DIFFICULTY IN THE REPATRIATION OF THESE FUNDS TO THE EXTENT OF RS. 15 LAKHS PER ANNUM. OF COURSE, WE SHALL HAVE NO OBJECTION IN PRINCIPLE TO THE UTILISATION IN THE QUICKEST POSSIBLE TIME OF ALL THE BLOCKED FUNDS IN A MANNER WHICH WILL BE ACCEPTABLE TO THE ASSOCIATION AND THE GOVERNMENT OF INDIA.

5. AS I HAVE ALREADY EXPLAINED TO YOU, IT SHALL BE OUR ENDEAVOUR TO FINALISE ALL DETAILS AS EXPEDITIOUSLY AS POSSIBLE SO THAT THE FILMS CAN BEGIN TO ARRIVE IN INDIA FROM THE MIDDLE OF JANUARY 1975.

6. BEFORE I CONCLUDE I SHOULD LIKE ENTER THE CAVEAT THAT THE GOVERNMENT OF INDIA WILL BE BOUND BY THE TERMS OF THE FORMAL AGREEMENT THAT MAY BE MADE HEREAFTER. THE CONTENTS OF THIS LETTER ARE MERELY INDICATIVE OF THE PRESENT TREND OF THOUGHT IN OUR MINISTRY. YOURS SINCERELY, (SM. MURSHED) (END TEXT)  
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7. PEREIRA COMMENTS FOLLOW: (BEGIN COMMENTS) HAD FURTHER DISCUSSIONS WITH MINISTRY. ANY CHANGES IN TERMS WILL REQUIRE RESUBMISSION TO CABINET AND ENTIRE MATTER COULD BE DELAYED INDEFINITELY WITHOUT GUARANTEE OF ACCEPTANCE OF OUR PROPOSALS. CERTAIN SECTIONS OF PRESS ALREADY CRITISING GOI DECISION TO DEAL ALMOST EXCLUSIVELY WITH AMERICAN COMPANIES. SINCE MPEAA HAD SURRENDERED ALL RIGHTS TO REPATRIATION OF

BLOCKED FUNDS UNDER OLD AGREEMENT THE RS. 15 LACS COULD BE  
CONSIDERED ADDITIONAL ADVANTAGE TO US. HOWEVER STILL  
NEGOTIATING BUT CHANCES DO NOT APPEAR VERY BRIGHT. IN  
VIEW PRESENT ECONOMIC SITUATION HERE CONSIDER GOI OFFER  
REASONABLE. KRS MEMBERS AND US EMBASSY AGREE WITH MY  
ASSESSMENT AND LIKE ME RECOMMENDING OFFER BE ACCEPTED  
EARLIEST. KRS MEMBERS ALSO COMMUNICATING HOME OFFICES  
INDIVIDUALLY RECOMMENDING ACCEPTANCE. KINDLY ADVISE  
MEMBER COMPANIES INSTRUCT BOMBAY MANAGERS SUBMIT ENTRIES  
FOR FESTIVAL SOONEST TO GENERATE MAXIMUM LEEWAY DURING  
DRAWING UP OF FINAL DOCUMENT. REGARDS, PEREIRA. (END COMMENTS).  
MOYNIHAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Disposition Comment:** 25 YEAR REVIEW  
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